

[Counsel Information Listed On Signature Page]

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

CAPELLA PHOTONICS, INC.,
Plaintiff,

No. 3:14-CV-03348-EMC

v.
CISCO SYSTEMS, INC.,
Defendant

JOINT STATUS REPORT

CMC Date: January 17, 2019
Time: 10:30 a.m.
Courtroom: 5
Judge: Hon. Edward M. Chen

CAPELLA PHOTONICS, INC.,
Plaintiff,

No. 3:14-CV-03349-EMC

(related case)

FUJITSU NETWORK

COMMUNICATIONS, INC.,
Defendant

No. 3:14-CV-03350-EMC
(related case)

CAPELLA PHOTONICS, INC.,
Plaintiff

TELLABS OPERATIONS, INC. AND
CORIANT (USA) INC.,

Defendant.

1 CAPELLA PHOTONICS, INC.,
2 Plaintiff,

No. 3:14-CV-03351-EMC
(related case)

3 v.
4 CIENA CORPORATION,
5 Defendant.

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1 Lead counsel for Plaintiff Capella Photonics, Inc. (“Capella” or “Plaintiff”), and
 2 Defendants Cisco Systems, Inc. (“Cisco”), Ciena Corporation (“Ciena”), Fujitsu Network
 3 Communications, Inc. (“FNC”), Coriant Operations, Inc. (formerly Tellabs Operations, Inc.),
 4 and Coriant (USA) Inc. (Coriant entities collectively “Coriant”) (collectively “Defendants”)
 5 (together with Plaintiff, “the parties”) submit this Joint Status Report pursuant to the Court’s
 6 March 6, 2015 Order (Dkt. No. 172) and the Court’s September 19, 2018 Order setting a Case
 7 Management Conference in this matter for January 17, 2019 (Dkt. No. 192).

8 Pursuant to the Court’s March 6, 2015 Order, the Related Actions are “stayed in their
 9 entirety pending final exhaustion of the relevant review proceedings, including any appeals.”
 10 (Dkt. No. 172 at 6). The parties hereby apprise the Court of the status of the inter partes review
 11 (“IPR”) proceedings initiated by Cisco and additional inter partes review proceedings
 12 concerning the Patents in Suit (U.S. Patent Nos. RE42,368 (“’368 Patent”) and RE42,678
 13 (“’678 Patent”)).

14 **I. STATUS OF THE IPR PROCEEDINGS**

15 On July 15, 2014, Cisco filed a petition at the United States Patent & Trademark Office
 16 (Patent Office) for inter partes review (IPR2014-01166) on the ’368 patent. Cisco filed a
 17 petition (IPR2014-01276) on the ’678 patent less than a month later. The two IPR petitions
 18 addressed every asserted claim against each of the Defendants by the Plaintiff in its
 19 infringement contentions. The Patent Office joined Ciena, FNC, and Coriant in these two IPR
 20 proceedings. The Patent Office issued Final Written Decisions on January 28, 2016 in
 21 IPR2014-01166 and on February 17, 2016 in IPR2014-01276. The Patent Office found
 22 unpatentable every claim asserted in this litigation. Capella filed requests for rehearing in both
 23 IPRs. The Patent Office denied the requests for rehearing. Capella filed a notice of appeal to
 24 the Court of Appeals for the Federal Circuit.

25 On August 24, 2015, the Patent Office instituted FNC’s inter partes review (IPR2015-
 26 00726) involving the ’368 patent and FNC’s inter partes review (IPR2015-00727) involving the
 27 ’678 patent. The Patent Office joined Ciena and Coriant in these two IPR proceedings. The
 28 Patent Office issued Final Written Decisions on September 28, 2016 in IPR2015-00726 and
 JOINT STATUS REPORT

1 IPR2015-00727. The Patent Office found unpatentable every claim asserted in this litigation.
 2 Capella filed notices of appeal to the Court of Appeals for the Federal Circuit.

3 On August 25, 2015, the Patent Office instituted inter partes review (IPR2015-00731)
 4 for the '368 patent and inter partes review (IPR2015-00739) for the '678 patent based on
 5 petitions filed by non-party JDS Uniphase Corporation (JDSU) (now called "Lumentum"). The
 6 Patent Office joined Cisco, Ciena, FNC, and Coriant in these two IPR proceedings. The Patent
 7 Office issued Final Written Decisions on September 29, 2016 in IPR2015-00731 and on
 8 October 14, 2016 in IPR2015-00739. The Patent Office found unpatentable every claim
 9 asserted in this litigation. Capella filed notices of appeal to the Court of Appeals for the
 10 Federal Circuit.

11 On December 15, 2016, the Federal Circuit consolidated the appeals of the above-
 12 identified IPR proceedings. On February 13, 2017, Capella submitted its opening brief. On
 13 May 26, 2017, Appellees submitted their responsive briefing. On June 23, 2017, Capella
 14 submitted its reply brief.

15 On February 8, 2018, the Federal Circuit received oral argument from the parties. On
 16 February 12, 2018, the Federal Circuit issued a judgment affirming the Final Written Decisions
 17 of the Patent Office in each of the above-identified IPR proceedings under Federal Circuit Rule
 18 36. On March 15, 2018, Capella filed a Petition for Rehearing. On March 19, 2018, Capella
 19 filed a motion to extend the date to file its Petition for Rehearing. On April 9, 2018, the Court
 20 denied Capella's Petition for Rehearing.

21 On June 28, 2018, Capella filed an Application to Extend Time to file a Petition for
 22 Writ of Certiorari. On September 6, 2018, Capella filed its Petition for Writ of Certiorari,
 23 which was docketed on September 11, 2018. On November 5, 2018 the Supreme Court denied
 24 the Petition for Writ of Certiorari.

25 **II. THE PARTIES' POSITIONS**

26 **A. PLAINTIFF'S POSITION**

27 On June 29, 2018, Capella filed with the PTO applications pursuant to 35 U.S.C. § 251
 28 to reissue both the '368 Patent and the '678 Patent (the "Applications to Reissue the Patents-in-
 JOINT STATUS REPORT

1 Suit"). The Applications include claims that were not invalidated in the IPRs and corrected
 2 claims. Section 251 provides for the reissue of any patent that is, "through error, deemed
 3 wholly or partly inoperative or invalid." The Applications have advanced to the examination
 4 stage and the PTO's initial response is expected soon.

5 Capella contends that because the Patent Office proceedings relating to the Patents-in-
 6 Suit have not yet been completed and its Applications to Reissue the Patents-in-Suit remain
 7 pending and original unchallenged claims from the Patents-in-Suit remain unaffected by the
 8 IPRs, the current stay of the action should remain in effect pending resolution of those
 9 proceedings. Cappella contends that any lifting of the stay should be subject to briefing by the
 10 parties. If necessary, Capella is prepared to move to continue the stay based on the reissue
 11 proceedings and its right to amend its preliminary infringement contentions. In this district,
 12 "there is a liberal policy in favor of granting motions to stay proceedings pending the outcome
 13 of USPTO reexamination or reissuance proceedings." *ASCII Corp. v. STD Entm't USA*, 844
 14 F.Supp. 1378, 1381 (N.D.Cal.1994).

15 Capella further opposes any dismissal of the action or entry of judgment and contends
 16 there is no basis to do so in light of its pending Applications to Reissue the Patents-in-Suit
 17 and the fact that original unchallenged claims from the Patents-in-Suit remain unaffected by
 18 the IPRs. To the extent that Defendants disagree, Plaintiff contends that they should be
 19 required to file a motion to dismiss and/or for entry of judgment and seeks briefing on the
 20 issues.

21 B. DEFENDANTS' POSITION

22 Since every patent claim in the '368 and '678 Patents asserted by Capella in these
 23 actions has been held unpatentable in the relevant IPR review proceedings and all appeals have
 24 been finally exhausted, Defendants assert that the Court must deny all relief sought by Capella
 25 in these actions. Capella's statement that the "Patent Office proceedings relating to the
 26 Patents-in-Suit have not yet been completed" is misleading because the IPR proceedings are
 27 finally exhausted as described in Section I *supra*.

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1 Defendants disagree with Capella's position. *First*, the Patent Office has not examined
 2 (let alone issued) Capella's new reissue applications. Capella cannot maintain the present
 3 actions based on pending patent applications. *Christianson v. Colt Industries Operating Corp.*,
 4 486 U.S. 800, 807-08 (1988) ("[I]n order to demonstrate that a case is one 'arising under'
 5 federal patent law 'the plaintiff must set up some right, title or interest under the patent
 6 laws....'" (quoting *Pratt v. Paris Gas Light & Coke Co.*, 168 U.S. 255, 259 (1897)); *Preiser v.*
 7 *Newkirk*, 422 U.S. 395, 401 (1975) ("[A]n actual controversy must be extant at all stages of
 8 review, not merely at the time the complaint is filed."). Capella's citation is inapplicable
 9 because it does not address the present situation where all asserted patent claims have been held
 10 finally unpatentable in IPR proceedings. Since there is no subject matter jurisdiction over an
 11 action based on pending patent applications, the present actions must be terminated.

12 *Second*, Capella cannot now assert previously unasserted claims in the Patents-in-Suit,
 13 more than four years after serving its infringement contentions in these Actions. "Amendment
 14 of the Infringement Contentions ... may be made only by order of the Court upon a timely
 15 showing of good cause." Patent L.R. 3-6. Capella has not moved or even sought to move to
 16 amend its infringement contentions. Capella has not and cannot make "a timely showing of
 17 good cause" to amend its contentions in these Actions. Capella made a decision long ago not
 18 to assert certain claims in the Patents-in-Suit, never revisited that decision, and cannot keep
 19 these Actions from being terminated based on a supposed "right to amend."

20 Defendants submit that no further briefing or motion should be necessary in view of the
 21 lack of "case or controversy" in these Actions and respectfully request that the Court prepare,
 22 sign, and enter final judgment in favor of each of the Defendants and against Capella on
 23 Capella's claims for infringement of the '368 and '678 Patents.

24 Dated: December 28, 2018

25 MANATT, PHELPS, & PHILLIPS, LLP

26 By: /s/ Robert D. Becker
 27 Robert D. Becker
 Attorneys for Plaintiff
 Capella Photonics, Inc.

1 Dated: December 28, 2018

BAKER BOTTS LLP

2 /s/ Sarah J. Guske w/ permission

3 Sarah J. Guske (SBN 232467)
4 101 California Street, 30th Fl., Suite 3070
5 San Francisco, CA 94111
Telephone: (415) 291-6205
Facsimile: (415) 291-6305

6 ***Attorneys for Defendant CISCO SYSTEMS, INC.***

7 /s/ Nathaniel T. Browand w/ permission

8 Nathaniel T. Browand*
nbrowand@milbank.com
9 MILBANK, TWEED, HADLEY
& McCLOY LLP
10 28 Liberty Street
New York, NY 10005
11 Tel: (212) 530-5000
Fax: (212) 530-5219

12 Mark C. Scarsi (SBN 183926)
mscarsi@milbank.com

13 MILBANK, TWEED, HADLEY
& McCLOY LLP
14 2029 Century Park East, 33rd Floor
Los Angeles, CA 90067
15 Tel: (424) 386-4000
Fax: (213) 629-5063

16 * admitted pro hac vice

17 ***Attorneys for Defendant,
Fujitsu Network Communications, Inc.***

Dated: December 28, 2018

/s/ J. Pieter van Es w/ permission
BANNER & WITCOFF, LTD.
J. PIETER VAN ES (CBN 250524)
pvanes@bannerwitcoff.com
THOMAS K. PRATT*
tpratt@bannerwitcoff.com
TIMOTHY J. RECHTIEN*
trechtien@bannerwitcoff.com
10 South Wacker Drive, Suite 3000
Chicago, IL 60606
Telephone: (312) 463-5000
Facsimile: (312) 463-5001

PILLSBURY WINTHROP SHAW PITTMAN LLP
COLIN T. KEMP (SBN 215408)
colin.kemp@pillsburylaw.com
STEPHEN E. BERGE (SBN 274329)
stephen.berge@pillsburylaw.com
4 Embarcadero Center, 22nd Floor
San Francisco, CA 94111
Telephone: (415) 983-1000
Facsimile: (415) 983-1200

* admitted pro hac vice
*Attorneys for Defendants Coriant Operations, Inc.
(formerly Tellabs Operations, Inc.) and Coriant
(USA) Inc.*

/s/ Clement Naples w/ permission
Matthew Moore*
E-mail: matthew.moore@lw.com
LATHAM & WATKINS LLP
555 Eleventh Street, NW, Suite 1000
Washington, DC 20004
202-637-2200

Clement Naples*
E-mail: clement.naples@lw.com
LATHAM & WATKINS LLP
885 Third Ave
New York, NY 10022
212-906-1200

* pro hac vice
Attorneys for Defendant Ciena Corporation

1 Pursuant to Local Rule 5-1(i)(3) regarding signatures, I, Robert D. Becker, attest that
2 concurrence in the filing of this documents has been obtained from each of the other signatories.
3 I declare under penalty of perjury under the laws of the United States of America that the
4 foregoing is true and correct.

5 Executed on December 28, 2018.

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/s/ Robert D. Becker

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Robert D. Becker

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